

**Guidance: Equipment Acquired Under Assistance Agreements**

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**1. PURPOSE:**

This guidance clarifies the roles and responsibilities of the Environmental Protection Agency's (EPA) project officers (PO), grants management offices (GMO), and grant specialists for managing equipment purchased with assistance funds. In addition, this document provides guidance on procedures and requirements that EPA must adhere to when managing such equipment.

**2. SCOPE:**

This guidance applies to all EPA POs and GMOs awarding or administering assistance agreements. In addition, these guidelines encompass EPA assistance agreements to:

Institutions of higher education, hospitals, and other non-profit organizations.

State, local, and federally recognized tribal governments.

**3. AUTHORITY:**

40 Code of Federal Regulations (CFR) Part 30, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations"

40 CFR Part 31, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments"

Office of Management and Budget (OMB) Circular A-102, "Grants and Cooperative Agreements with State and Local Governments"

OMB Circular A-110, "Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations"

OMB Circular A-122, "Cost Principles for Non-Profit Organizations"

OMB Circular A-21, "Cost Principles for Educational Institutions"

OMB Circular A-87, "Cost Principles for State, Local, and Tribal Governments"

EPA Manual 4831, Chapter 3, Assistance Agreement Property, "Personal Property Management Policy"

#### **4. DEFINITIONS:**

Equipment: Tangible, nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. However consistent with the recipients policy lower limits may be established.

Supplies: All tangible personal property other than “equipment” as defined above.

Property Management System: is the recipient’s administrative system that must contain:

A description of the property.

Manufacturer’s serial number or other identification number.

Source of the property, including assistance identification number and where the title vests.

Unit acquisition date and cost.

Percentage of the federal share of the cost.

Location, use, condition of the property, and date the information was recorded.

Ultimate disposition data

States are not subject to these requirements. States will use, manage and dispose of equipment acquired under a grant by the state in accordance with state laws and procedures.

#### **5. DISPOSITION OPTIONS:**

The title of equipment purchased with assistance funds vests with the recipient subject to the obligations and conditions described in this guidance. Therefore, the PO should make a decision on the ultimate disposition of equipment during the pre-award phase of an assistance agreement if possible. The following are options for the disposition of equipment, items with a unit acquisition cost of \$5,000 or greater and a useful life of more than one year, purchased under assistance agreements:

Option 1: The recipient may keep the equipment and continue to use it on the project originally funded through the assistance agreement or on other federally funded projects whether or not the project or program continues to be supported by Federal funds.

Unless otherwise instructed by the PO, the grant specialist will automatically select this default option for assistance agreements with equipment appearing in the budget. An administrative term and condition indicating this choice will only be placed on assistance agreements when requested by the PO.

Option 2: EPA will transfer the title of the equipment from the recipient to the EPA or a third party once the project funded by the assistance agreement is complete. If the PO decides the EPA will want the equipment transferred to a third party the PO should notify the GMO and contact their EPA Facilities Office to discuss this option. The EPA is required to issue equipment disposition instructions within 120 calendar days after the receipt of the final equipment inventory.

The PO should note this option in the Funding Recommendation if possible. The grant specialist will include a programmatic term and condition acknowledging this choice in the assistance agreement.

Option 3: The EPA will transfer title of equipment from the recipient to the EPA once the project funded by the assistance agreement is complete. The PO should note this option in the Funding Recommendation. The grant specialist will include a programmatic term and condition acknowledging this choice in the assistance agreement. If the PO is taking this option they should contact their EPA Facilities Office and discuss the option.

### **Special Cases**

States: State agencies may manage and dispose of equipment acquired under assistance agreements in accordance with state laws and procedures.

Superfund: Equipment purchased under Superfund projects is subject to specific disposal options. Refer to 40 CFR 35.6345 when dealing with such equipment.

## **6. RESPONSIBILITIES:**

### **Pre - Award**

PO: The PO is responsible for determining: 1) the equipment an applicant proposes to purchase is accounted for in the correct budget category, 2) that this equipment is necessary to the successful completion of the project, and 3) the costs are reasonable and allocated to the budget fairly. The PO must make certain the workplan milestones reflect the timing of the equipment purchase. The PO must determine the ultimate disposition of the equipment according to the options discussed in the previous section.

GMO: The grant specialist is responsible for reviewing proposed equipment purchases to ensure correct categorization of items (equipment vs. supplies). This may include obtaining written PO approval for any equipment appearing in the budget. Further, the grant specialist will insert the appropriate equipment term and condition according to the disposition option the PO exercises.

### **Post - Award**

PO: The PO is responsible for confirming that the recipient purchases the equipment within the time frame outlined in their milestones and uses the equipment for the purposes outlined in the work plan. If the recipient acquired equipment unnecessarily, the PO must notify the GMO in order to aid in the disallowance of the costs of the equipment. Additionally, in the event of a programmatic onsite review, the PO must ensure that the recipient maintains the equipment in good condition under the appropriate safeguards to prevent loss, damage, or theft and is using it for the purposes stated in the

work plan.

GMO: Through administrative compliance reviews (i.e. desk or onsite reviews) the GMO is responsible for verifying that the recipient establishes a property management system for the equipment, as prescribed by the regulations and performs a physical inventory at least every two years. If the GMO performs an onsite review, they must ensure the recipient has a cost or price analysis for the equipment purchased in their official file and maintains the equipment in good condition under the appropriate safeguards to prevent loss, damage, or theft.

The GMO should disallow costs of specific equipment that the recipient acquired unnecessarily.

State agencies can manage equipment according to their state regulations.

### **Closeout of the Award**

PO: The PO should reaffirm to the GMO the ultimate disposition of the equipment during closeout of the assistance agreement.

If the recipient returns the equipment to the EPA:

When there is no need for the equipment within EPA, the PO reports the equipment to the General Services Administration (GSA) to see if other federal agencies need the equipment.

When the recipient ships the equipment to EPA or elsewhere, per EPA instructions, EPA will reimburse the recipient for an amount calculated by applying the proportionate recipient share of the current fair market value plus any reasonable shipping or storage costs.

When the recipient otherwise disposes of the equipment, per EPA instructions. EPA will reimburse the recipient for such costs incurred in that disposition of the equipment.

GMO: The GMO will coordinate the disposition of the equipment according to the instructions provided in the assistance agreement or otherwise provided to the recipient in writing if the equipment is being transferred to the EPA or a third party. The EPA has 120 days after the receipt of the equipment inventory to issue final equipment disposition instructions.

If the recipient retains the equipment for continued use on the project or other federally funded projects the GMO will notify the recipient to dispose of the equipment in accordance with one of the following:

When all projects are complete and the equipment, due to depreciation, no longer possesses a unit acquisition cost of greater than \$5,000, the recipient is free to dispose of

the item with no further obligation to the federal government.

When all federal projects are complete and the equipment still possesses a unit acquisition cost of \$5,000 or greater, the recipient may continue to use the equipment if they reimburse the US Treasury Department for an amount calculated by applying the proportionate federal share of the original purchase price to the fair market value of the item. They also have the option of returning the property to the EPA or transferring the property to a third party. This option does not apply to states or exempt property as defined in 40 CFR 30.33 (b).

When the recipient sells the equipment they must reimburse the US Treasury Department for an amount calculated by applying the proportionate federal share of the original purchase price to the sales proceeds from the item. This option does not apply to states or exempt property as defined in 40 CFR 30.33 (b).

The recipient is entitled to retain \$500 or 10% of the proceeds, whichever is less, for the selling and handling of expenses.

**Superfund:** Equipment purchased under Superfund projects is subject to specific disposal options. Refer to 40 CFR 35.6345 when dealing with such equipment.